

H.J. HEINZ COMPANY

MAKERS OF THE 57 VARIETIES

ANNUAL REPORT

FOR THE YEAR ENDED APRIL 29

1953

ANNUAL REPORT OF
H. J. HEINZ COMPANY

Makers of the 57 Varieties

FOR THE YEAR ENDED APRIL 29, 1953



H. J. HEINZ COMPANY

BOX 57, PITTSBURGH 30, PA.

INDEX



| | |
|--|--------|
| Directors, Officers, and Operating Executives | 1 |
| Summary of Consolidated Financial Results | 2 |
| President's Report to Stockholders and Employees | 3 |
| Accountants' Report | 7 |
| Consolidated Balance Sheets | 8, 9 |
| Statements of Consolidated Surplus | 10 |
| Statements of Consolidated Income | 11 |
| Notes to Financial Statements | 12, 13 |
| Ten-Year Summary of Income Statements | 14, 15 |
| Heinz Locations Throughout the World | 16, 17 |
| Here are the 57 Varieties | 18 |

H. J. HEINZ COMPANY

PITTSBURGH, PA.

DIRECTORS

| | |
|------------------|--------------------|
| *H. J. Heinz II | Charles Heinz |
| *H. N. Riley | *Frank Armour, Jr. |
| A. L. Schiel | *F. B. Cliffe |
| *J. H. Letsche | J. L. Given |
| Franklin Bell | *Harvey Williams |
| T. B. McCafferty | A. C. Coney |

*Member Executive Committee

OFFICERS AND OPERATING EXECUTIVES

| | |
|-------------------|--|
| H. J. Heinz II | President |
| H. N. Riley | Executive Vice President |
| J. H. Letsche | Vice President |
| Frank Armour, Jr. | Vice President |
| F. B. Cliffe | Vice President |
| T. B. McCafferty | Secretary |
| J. F. Allen | Assistant to the President |
| H. P. Alspaugh | Manager—Marketing and Sales Research |
| Franklin Bell | Director of Advertising and Public Relations |
| C. A. Brinkman | Treasurer |
| N. E. Daniels | Vice President—Purchases |
| R. B. Gookin | Comptroller |
| B. D. Graham | General Sales Manager |
| Charles Heinz | Vice President—Personnel |
| F. C. Heinz | Vice President—Industry Relations |
| C. L. Rumberger | Vice President—Research and Quality Control |
| P. K. Shoemaker | Vice President—Manufacturing |
| Harvey Williams | Vice President—Overseas Operations |

TRANSFER AGENTS

City Bank Farmers Trust Company, New York, N. Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Guaranty Trust Company of New York, N. Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Last Tuesday of August
2 P.M. Pittsburgh, Pa.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

| | Fiscal Year Ended | | |
|---|-------------------|----------------|---------------|
| | April 29, 1953 | April 30, 1952 | May 2, 1951 |
| Net Sales | \$219,573,998 | \$205,991,208 | \$189,098,235 |
| Net Income transferred to Surplus | \$ 5,546,512 | \$ 5,812,359 | \$ 7,422,535 |
| Net Income as a Percentage of Net Sales | 2.5% | 2.8% | 3.9% |
| Net Income per Share of Common Stock | \$ 3.09 | \$ 3.25 | \$ 4.19* |
| Dividends Paid on Preferred Stock | \$ 325,363 | \$ 329,997 | \$ 341,535 |
| Dividends Paid on Common Stock | \$ 3,040,447 | \$ 2,788,309 | \$ 2,534,875 |
| Dividends Paid per Share of Common Stock | \$ 1.80 | \$ 1.80 | \$ 1.50* |
| Net Income Retained in Business | \$ 2,180,702 | \$ 2,694,053 | \$ 4,546,125 |
| Net Income Retained per Share of Common Stock | \$ 1.29 | \$ 1.59 | \$ 2.69* |
| Total Taxes charged to Income | \$ 9,583,914 | \$ 7,174,026 | \$ 10,163,415 |
| Total Taxes per Share of Common Stock | \$ 5.67 | \$ 4.25 | \$ 6.03* |
| New Capital Obtained | \$ 4,225,000 | \$ 900,000 | \$ 2,500,000 |

*Adjusted for 20% stock dividend paid in October, 1951.

PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

The 84th fiscal year of the H. J. Heinz Company ended on April 29, 1953. It was a year of accomplishment and progress by the Company. The year's sales of \$219,573,998 were 7% higher than the previous year and were the largest of any year in our history. In the United States, sales increased 3%, while sales of subsidiary companies in total were up 14%.

This sales volume was attained in highly competitive markets; in fact, competition for shelf space in grocery stores and for the consumer's attention has been more intense than at any time since 1939.

EARNINGS

Operating profit rose to \$13,869,887, up 28% from last year's \$10,852,300, while net income after taxes was \$5,546,512, compared with \$5,812,359 for 1952.

Last year our net earnings were favorably affected by two substantial but non-recurring items. We benefited from an exchange profit of \$658,258 in the valuation of Canadian current assets, and our 1952 income taxes were reduced by \$785,000 through the elimination of the provision for excess profits tax made in fiscal year 1951. This year profits from operations were increased almost enough to offset these two unusual and favorable items of a year ago.

DIVIDENDS CONTINUED

Dividends on common stock declared and paid quarterly during the year totaled \$3,040,447, or \$1.80 per share. Dividends on the 3.65% preferred stock totaled \$325,363. Sixty-one per cent of the Company's net earnings were paid in dividends, while the balance of earnings amounting to \$1.29 per share of common stock was retained in the business to meet our expanding needs for capital. This is the 42nd consecutive

year in which the Company has paid dividends on its common stock, following its incorporation early in this century.

HEINZ IN THE UNITED STATES

Crops of fruits and vegetables, particularly of tomatoes and pickles, were generally good during 1952, providing ample supplies and creating heavy inventories of some processed foods. Price reductions and special sales promotion programs were prevalent in the trade throughout the year. Government controls on prices and on the use of materials were eliminated, reflecting the greater availability of supplies. Elimination of price controls had no effect on prices in the processed food industry as most prices were already below authorized ceilings.

The most significant development affecting our business in recent years has been the spectacular growth of self-service stores, which now do 79% of the total grocery business in the United States. Intense competition and the growth of self-service emphasize the need for continuous and effective advertising and sales promotion. Brand and product consciousness must be created in shoppers before they shop. As more than half of all self-service purchases are bought on "impulse," good displays, attractive packages and proper pricing must be added to make advertising effective.

A number of important changes have been made in our product line which we believe will benefit the Company materially. On December 31, 1952, we discontinued the distribution of Sun-Maid Raisins. This terminated a relationship established in 1942, when we undertook the distribution and sale of Sun-Maid Raisins in order to more fully employ our sales

organization and distribution facilities suddenly hampered by wartime shortages of Heinz-made products for the civilian market. After ten years of a mutually satisfactory relationship with the Sun-Maid Raisin Growers of California, we concluded that it would be more advantageous for the Company to concentrate its selling efforts and its warehouse and delivery facilities on products bearing the Heinz label.

Since January 1, 1953, Raisin volume has been replaced by increased sales of established varieties and by the sale of new varieties and new packages that have been introduced during the year.

Strained Cream of Tuna, Strained Banana Custard Pudding, Junior Chicken Noodle Dinner and Junior Apple Tapioca Pudding are all valuable additions to our expanding Baby Food line.

New Pickle products included Hot Dog Relish, Sour Cocktail Onions, and Sweet Pickled Cauliflower. Hot Dog Relish has proven to be an unusually popular variety.

A successful innovation was the packaging of two or three Genuine Dill Pickles in a plastic bag from which all air is then exhausted. Heinz Genuine Dill Pickles have had a unique reputation for three generations, but the traditional "pickle barrel" in which Dill Pickles were packed has become outmoded. Developing a plastic package which would be appropriate to modern merchandising and still protect the quality and flavor of Genuine Dill Pickles required over five years of continuous effort.

Lamb Stew, Beef Stew and Chicken Stew with Dumplings were developed primarily for sale to lunch counters and restaurants, but the consumer's reception of these products has been so satisfactory that these individual size packages are now being made available for purchase in grocery stores.

A family size package of Baked Beans and a family size package of Cooked Spaghetti has been introduced to meet the demand for larger packages of these two popular varieties.

More than two years' analysis, experimentation and design culminated in the introduction of new labels for most of our products. No basic design change had been made in our labels for many years. Our objective was to create labels which through their design and color would have strong Heinz and variety identity and general customer appeal. New labels have been adopted for Jellies, Soups, Baked Beans, Pickles, Cooked Spaghetti and Baby Foods. We are convinced that the new labels are a major improvement that should make our merchandising efforts more effective.

New products and new labels are practical examples of the results of continuing research. We consider research as studious inquiry, exhaustive investigation and directed experimentation, having for its aim the revision of accepted conclusions in the light of newly discovered facts. We believe that a research viewpoint should be constantly applied to all phases of the Company's activity. There should be continuous challenging of existing practices and constant effort for their improvement. Much of this challenging is expressed in such specific research projects as recipe development, market analysis or process improvements. Equally important is the encouragement which we give to all divisions of the business to maintain a "research viewpoint."

HEINZ IN BRITAIN

Our British Company has again completed the most successful year in its history, with the largest sales volume and the largest net income that it has ever had. Sales of the British Company have increased steadily since the end of World War II and are now over 350% greater than they were in 1946 fiscal year. Our reputation and market position were never better and we anticipate a continuation of growth.

The Company has benefited from the general improvement in Britain's economic position and from the relaxation of Government controls during the year. Government allocations of raw materials have

either been liberalized or discontinued entirely. For example—tomato paste, which is an important ingredient in many of our products, can now be imported without limitation. Sugar supplies are more adequate and we anticipate an early removal of restrictions on sugar. Packaging materials of all kinds are more readily available than they have been for many years. However, we expect continuing restrictions and limited supplies of meat, fats and oils. Although the prices of some food products have risen because of the removal of Government subsidies, the general price level has been stabilized and there have been reductions in some of our costs.

A reduction in the standard rate of British income tax in April, 1953, has afforded some relief from the heavy corporate tax burden. The excess profits levy will be discontinued on January 1, 1954, and will provide additional relief to the British Company's tax burden in the last four months of the 1954 fiscal year.

During the first quarter of the year the British Company distributed a stock dividend on the basis of one share for each three shares of ordinary stock previously held. In addition, 125,000 shares of £1 par value ordinary stock were sold at £4.8.0 to provide additional working capital. The parent company now owns slightly more than 91% of the ordinary shares of the British Company.

HEINZ IN CANADA

Canada continues to be an increasingly important market for our products. During recent years there has been a spectacular growth in Canada's population, commerce, industry and development of its rich natural resources. Our Canadian Company has kept pace with the expanding economy. Sales for 1953 fiscal year were the largest since we began operations in Canada and were 10% greater than the year before. Earnings have been at a satisfactory level and are expected to continue. We are most optimistic about the future of the Canadian Company.

HEINZ IN AUSTRALIA

During 1952, Australian exports dropped sharply from the abnormally high levels of the previous year when wool prices were at an all time peak. The Australian economy was required to adjust itself to these changed circumstances. Retail sales declined, imports were restricted and credit was curtailed. Both retailers and manufacturers had acquired inventories which became generally excessive in relation to the reduced rate of sale. These inventories are gradually being liquidated.

As a result of these changes in the economy, sales by our Australian Company were lower than during the previous year and in spite of actions taken to reduce expenses, we had a substantial loss from our operations. We have made provision for possible further loss that may occur through inventory liquidation during the coming months.

The Australian economy now shows signs of recovery and it is expected that our business will improve its volume and profit.

Construction of our new factory at Dandenong, Victoria, is proceeding satisfactorily. Building materials and machinery are reaching the site from American, British, German, Swiss and Australian suppliers. Costs of construction to date are within our preliminary estimates. The greater availability of construction labor and the higher productivity per man hour under existing conditions will be advantageous to us in reducing the cost of the new construction. It is presently expected that the new building will be in partial operation for the seasonal crops that will mature early in the calendar year 1955.

OUR ORGANIZATION IS STRONG

We have recently established a seven man Operating Committee responsible for the day-to-day operations of the U. S. Company and for coordinating the activities of its various divisions.

It consists of the heads of the principal operating divisions of the U. S. Company. Under the Chair-

manship of Frank Armour, Jr., Vice President—Sales and Distribution, the Committee members are: R. B. Gookin, Comptroller; P. K. Shoemaker, Vice President—Manufacturing; H. P. Alspaugh, Manager—Marketing and Sales Research; N. E. Daniels, Vice President—Purchasing; C. L. Rumberger, Vice President—Research and Quality Control; and B. D. Graham, General Sales Manager.

The establishment of the Operating Committee, which takes over some of the duties formerly under the immediate jurisdiction of the Executive Committee, permits the latter body to devote more time and attention to matters involving the International House. The growing complexities of the business as the Company continues to expand has indicated the desirability of this division of duties. The Executive Committee continues to have responsibility for final determination of basic policies.

The energies and abilities of the people in a business are its life blood. In a statement of the Company's Policies and Objectives, the following is printed:

"A sound organization structure in which each position is clearly defined is essential to the attainment of our objectives.

"Our organization must be manned by persons of character and ability. We will continually encourage each individual to develop himself to his capacity.

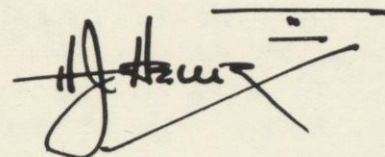
"We will promote primarily from within.

"We will maintain personnel policies embodying continuous concern for the adequacy of compensation, including insurance, retirement and other employee benefits, and working environment.

"Inspiring leadership and effective teamwork are essential.

"We believe these policies will attract, develop and hold persons capable of continuing the growth of this business."

We have had the loyal cooperation of our entire international organization. We believe that the management of each Heinz Company is stronger, more experienced and more able than at any time in our history, and that it is competent to face the problems and to take advantage of the opportunities of the future. With a good organization, well diversified products, efficient and improved production facilities and sound merchandising and sales promotion policies, we are justified in being optimistic.

A handwritten signature in dark ink, appearing to read "H. J. Heinz", with a horizontal line drawn above the name.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Board of Directors

H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of April 29, 1953 and the related statements of income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records of the Company and its Canadian subsidiary and such other auditing procedures as we considered necessary in the circumstances. The accounts of the British and Australian subsidiaries have been consolidated, as indicated in Note 1, on the basis of their financial statements for the year which have been audited by firms of chartered accountants whose reports we have reviewed.

In our opinion, based upon such examination and review, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at April 29, 1953 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell + Co.

June 12, 1953

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

| | <u>April 29, 1953</u> | <u>April 30, 1952</u> |
|---|-----------------------|-----------------------|
| CURRENT ASSETS: | | |
| Cash..... | \$ 6,122,334 | \$ 5,709,460 |
| Marketable securities—at cost, approximating market..... | 3,023 | 2,538,718 |
| Accounts receivable: | | |
| Trade, less allowance for doubtful accounts..... | 17,559,752 | 16,372,504 |
| Sundry..... | 915,982 | 1,116,078 |
| Inventories—at average cost or replacement market whichever lower: | | |
| Finished goods..... | 50,879,279 | 43,086,252 |
| Work in process..... | 5,112,670 | 4,570,248 |
| Ingredient and packaging materials..... | 27,626,799 | 28,946,583 |
| | <u>83,618,748</u> | <u>76,603,083</u> |
| Prepaid insurance, supplies, taxes and sundry..... | 2,853,529 | 2,892,713 |
| Total current assets..... | <u>111,073,368</u> | <u>105,232,556</u> |
| OTHER ASSETS: | | |
| Investment in and advances to non-consolidated Spanish subsidiary—at cost (Note 1)..... | 233,578 | 233,578 |
| Miscellaneous..... | 690,911 | 573,794 |
| | <u>924,489</u> | <u>807,372</u> |
| FIXED ASSETS: | | |
| Land—at cost..... | 2,666,658 | 2,598,242 |
| Buildings and leasehold improvements—at cost, less accumulated depreciation of \$9,898,050 in 1953..... | 21,347,275 | 20,064,403 |
| Equipment and fixtures—at cost, less accumulated depreciation of \$21,281,944 in 1953..... | 25,293,068 | 23,621,703 |
| Lug boxes, baskets and pallets—at cost, less amortization..... | 1,253,739 | 1,361,423 |
| | <u>50,560,740</u> | <u>47,645,771</u> |
| | <u>\$162,558,597</u> | <u>\$153,685,699</u> |

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES

| | <u>April 29, 1953</u> | <u>April 30, 1952</u> |
|---|-----------------------|-----------------------|
| CURRENT LIABILITIES: | | |
| Notes payable and loans on open credit (including portion of long-term debt due within one year)..... | \$ 12,242,170 | \$ 10,341,321 |
| Accounts payable..... | 7,604,022 | 7,957,382 |
| Current portion of liabilities under profit sharing and retirement plans... | 1,881,082 | 1,803,170 |
| Accrued expenses..... | 5,292,331 | 4,312,293 |
| Estimated liability for Federal and foreign taxes on income..... | 6,745,732 | 6,515,824 |
| Total current liabilities..... | <u>33,765,337</u> | <u>30,929,990</u> |
| LONG-TERM DEBT AND OTHER LIABILITIES: | | |
| 2.90% promissory notes—principal due from 1955 to 1969..... | 14,490,000 | 15,000,000 |
| 3.25% serial notes of Canadian subsidiary—principal due from 1954 to 1959..... | 1,350,000 | 1,575,000 |
| 4.25% promissory notes of Australian subsidiary—principal due from 1956 to 1976..... | 3,596,000 | 896,000 |
| Liabilities under management profit sharing plan, less portion payable within one year..... | 3,681,638 | 3,531,377 |
| Other non-current liabilities (principally future British income taxes).... | 2,679,000 | 2,359,689 |
| | <u>25,796,638</u> | <u>23,362,066</u> |
| INTERESTS IN BRITISH SUBSIDIARY HELD BY OTHERS: | | |
| Preference shares—at redemption value..... | 4,410,000 | 4,410,000 |
| Ordinary shareholders' equity in capital and surplus..... | 1,396,296 | 628,523 |
| | <u>5,806,296</u> | <u>5,038,523</u> |
| CAPITAL STOCK AND SURPLUS: | | |
| Cumulative preferred stock—authorized 188,118 shares—par value \$100 per share—issuable in series: | | |
| 3.65% series—authorized, issued and outstanding 88,118 shares in 1953 (Note 2)..... | 8,811,800 | 9,016,000 |
| Common stock—authorized 2,000,000 shares—par value \$25 per share—issued and outstanding, 1,688,897 shares in 1953..... | 42,222,425 | 42,234,425 |
| Capital surplus..... | 6,596,319 | 4,719,412 |
| Earned surplus: | | |
| Reserved for possible future inventory price decline, possible loss in foreign assets, and other contingencies..... | 5,000,000 | 5,000,000 |
| Unappropriated (Notes 1 and 3)..... | 34,559,782 | 33,385,283 |
| | <u>97,190,326</u> | <u>94,355,120</u> |
| | <u>\$162,558,597</u> | <u>\$153,685,699</u> |

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

| CAPITAL SURPLUS | Fiscal year ended | |
|---|----------------------|----------------------|
| | April 29, 1953 | April 30, 1952 |
| Amount at beginning..... | \$ 4,719,412 | \$ 3,870,243 |
| Excess of assigned value of common shares issued as stock dividend over par value thereof..... | — | 844,779 |
| Excess of par value over cost of preferred stock retired..... | 4,247 | 4,390 |
| Premium on sales to public of additional ordinary shares of British subsidiary and related adjustments for proportion of undistributed earnings applicable to the consequent reduction in majority interests..... | 1,872,660 | — |
| Amount at end..... | <u>6,596,319</u> | <u>4,719,412</u> |
| UNAPPROPRIATED EARNED SURPLUS | | |
| Amount at beginning..... | 33,385,283 | 38,577,891 |
| Add Net income for the year..... | <u>5,546,512</u> | <u>5,812,359</u> |
| Deduct: | <u>38,931,795</u> | <u>44,390,250</u> |
| Dividends paid: | | |
| On preferred stock—3.65 % series..... | 325,363 | 329,997 |
| On common stock: | | |
| In cash—\$1.80 per share..... | 3,040,447 | 2,788,309 |
| In common stock—281,593 shares (20%) at an assigned value of \$28 per share and cash (\$2,057) in lieu of fractional shares..... | — | 7,886,661 |
| | <u>3,365,810</u> | <u>11,004,967</u> |
| Proportion of undistributed earnings of British subsidiary purchased by minority interests upon sale of additional ordinary shares of the subsidiary at a premium exceeding such earnings..... | <u>1,006,203</u> | <u>—</u> |
| | <u>4,372,013</u> | <u>11,004,967</u> |
| Amount at end..... | <u>\$ 34,559,782</u> | <u>\$ 33,385,283</u> |

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

| | Fiscal year ended | |
|--|---------------------|---------------------|
| | April 29, 1953 | April 30, 1952 |
| NET SALES..... | \$219,573,998 | \$205,991,208 |
| COST OF SALES..... | <u>147,983,561</u> | <u>140,539,302</u> |
| GROSS PROFIT..... | 71,590,437 | 65,451,906 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including payments under management profit sharing plan of \$435,149 in 1953).... | <u>57,720,550</u> | <u>54,599,606</u> |
| OPERATING PROFIT (after provision for depreciation of \$2,939,509 in 1953)..... | <u>13,869,887</u> | <u>10,852,300</u> |
| OTHER INCOME: | | |
| Discounts earned..... | 715,085 | 622,749 |
| Canadian exchange adjustment..... | — | 658,258 |
| Miscellaneous (net)..... | <u>310,310</u> | <u>200,937</u> |
| | 1,025,395 | 1,481,944 |
| | <u>14,895,282</u> | <u>12,334,244</u> |
| OTHER DEDUCTIONS: | | |
| Interest expense..... | 1,234,948 | 931,177 |
| Provision for estimated liability under management profit sharing plan... | <u>447,256</u> | <u>405,335</u> |
| | 1,682,204 | 1,336,512 |
| | <u>13,213,078</u> | <u>10,997,732</u> |
| PROVISION FOR TAXES ON INCOME: | | |
| Federal: | | |
| Normal and surtax..... | 3,606,000 | 2,000,000 |
| Excess profits tax (credit in 1952)..... | — | (785,000) |
| Foreign income and excess profits taxes..... | <u>3,768,583</u> | <u>3,795,950</u> |
| | 7,374,583 | 5,010,950 |
| | <u>5,838,495</u> | <u>5,986,782</u> |
| DEDUCT Income applicable to interests in British subsidiary held by others. | <u>291,983</u> | <u>174,423</u> |
| NET INCOME FOR THE YEAR..... | <u>\$ 5,546,512</u> | <u>\$ 5,812,359</u> |

(See accompanying notes to financial statements)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) *Principles of consolidation:* The consolidated financial statements, as in prior years, include the company and all operating subsidiary companies with the exception of the Spanish subsidiary. Net assets so included at April 29, 1953 were located as follows:

| | Total | United States | Canada | British Isles | Australia |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Current assets | \$111,073,368 | \$ 73,336,816 | \$ 11,455,461 | \$ 21,011,593 | \$ 5,269,498 |
| Current liabilities | 33,765,337 | 23,390,133 | 2,165,585 | 6,997,868 | 1,211,751 |
| Net current assets | 77,308,031 | 49,946,683 | 9,289,876 | 14,013,725 | 4,057,747 |
| Other assets, less other liabilities | 19,882,295 | 20,590,767 | 3,042,748 | (2,475,898) | (1,275,322) |
| Consolidated net assets | <u>\$ 97,190,326</u> | <u>\$ 70,537,450</u> | <u>\$ 12,332,624</u> | <u>\$ 11,537,827</u> | <u>\$ 2,782,425</u> |

All assets, except fixed assets, and all liabilities, except long-term debt, of the foreign subsidiaries have been converted generally at rates of exchange prevailing at the end of the fiscal year; fixed assets and long-term debt have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the British Isles and in Australia is limited by currency and other restrictions of those countries.

Net sales and net income, included in the consolidated accounts, for the fiscal year ended April 29, 1953, originated as follows:

| | Net Sales | Net Income |
|---|----------------------|---------------------|
| United States | \$145,797,760 | \$ 3,133,327 |
| Foreign subsidiaries consolidated | 73,776,238 | 2,413,185 |
| | <u>\$219,573,998</u> | <u>\$ 5,546,512</u> |

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted generally at average rates of exchange prevailing during the fiscal year. The income of the company from dividends declared and paid by foreign subsidiaries during the year amounted to \$1,719,204 before foreign taxes on such dividends.

The accounts of the Spanish subsidiary, as in the prior year, have not been consolidated. At April 29, 1953, the net assets of this subsidiary, as shown by unaudited financial statements, amounted to approximately \$135,000.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS, *Continued*

(2) *Cumulative preferred stock:* The 3.65% series cumulative preferred stock is, until October 1, 1954, callable at \$106.75 per share or redeemable through the sinking fund at a maximum of \$104.75 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(3) *Earned surplus:* Under the provisions of the 2.90% promissory notes, the portion of the consolidated earned surplus which is unrestricted as to the payment of cash dividends on the common stock is not less than \$13,497,924.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS FISCAL YEARS ENDED

| | April 29, 1953 | April 30, 1952 | May 2, 1951 |
|--|----------------|----------------|---------------|
| Net sales..... | \$219,573,998 | \$205,991,208 | \$189,098,235 |
| Cost of sales..... | 147,983,561 | 140,539,302 | 125,237,906 |
| Gross profit..... | 71,590,437 | 65,451,906 | 63,860,329 |
| Selling, general and administrative expenses..... | 57,720,550 | 54,599,606 | 48,157,298 |
| | 13,869,887 | 10,852,300 | 15,703,031 |
| Other income—including foreign exchange adjustments..... | 1,025,395 | 1,481,944 | 1,697,244 |
| | 14,895,282 | 12,334,244 | 17,400,275 |
| Other deductions—including interest expense and provision for management profit-sharing..... | 1,682,204 | 1,336,512 | 1,645,513 |
| | 13,213,078 | 10,997,732 | 15,754,762 |
| Provision for taxes on income..... | 7,374,583 | 5,010,950 | 8,197,525 |
| | 5,838,495 | 5,986,782 | 7,557,237 |
| Deduct income applicable to interests in British subsidiary held by others..... | 291,983 | 174,423 | 134,702 |
| Net income for the year..... | 5,546,512 | 5,812,359 | 7,422,535 |
| Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies..... | — | — | — |
| Balance of net income—to earned surplus..... | \$ 5,546,512 | \$ 5,812,359 | \$ 7,422,535 |
| Balance of net income per share of common stock—after preferred dividends..... | \$3.09 | \$3.25 | \$4.19(A) |
| Cash dividends per share of common stock..... | 1.80 | 1.80 | 1.50(A) |

(A) Per share figures have been adjusted for 1951 and prior years to give effect to the 20% stock distribution in October, 1951; and for fiscal years 1944 to 1946, inclusive, to give effect to the conversion of 4 shares for 1 share in October, 1946.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS FISCAL YEARS ENDED

| <u>May 3, 1950</u> | <u>April 30, 1949</u> | <u>April 30, 1948</u> | <u>April 30, 1947</u> | <u>April 30, 1946</u> | <u>April 30, 1945</u> | <u>April 30, 1944</u> |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$170,508,252 | \$174,877,723 | \$169,455,201 | \$144,245,863 | \$114,150,564 | \$112,815,488 | \$ 93,351,553 |
| 116,902,380 | 120,633,171 | 118,725,604 | 100,415,998 | 80,223,367 | 78,948,651 | 63,693,999 |
| 53,605,872 | 54,244,552 | 50,729,597 | 43,829,865 | 33,927,197 | 33,866,837 | 29,657,554 |
| 45,016,235 | 43,351,189 | 40,623,698 | 29,750,557 | 24,652,220 | 22,800,953 | 19,616,528 |
| 8,589,637 | 10,893,363 | 10,105,899 | 14,079,308 | 9,274,977 | 11,065,884 | 10,041,026 |
| 641,925 | 1,034,837 | 995,614 | 1,150,223 | 446,031 | 244,184 | 598,088 |
| 9,231,562 | 11,928,200 | 11,101,513 | 15,229,531 | 9,721,008 | 11,310,068 | 10,639,114 |
| 1,179,647 | 1,114,622 | 575,052 | 461,401 | 379,051 | 543,205 | 366,851 |
| 8,051,915 | 10,813,578 | 10,526,461 | 14,768,130 | 9,341,957 | 10,766,863 | 10,272,263 |
| 3,567,234 | 4,291,976 | 4,493,137 | 6,163,844 | 4,661,065 | 6,284,809 | 6,383,515 |
| 4,484,681 | 6,521,602 | 6,033,324 | 8,604,286 | 4,680,892 | 4,482,054 | 3,888,748 |
| 120,664 | 70,554 | — | — | — | — | — |
| 4,364,017 | 6,451,048 | 6,033,324 | 8,604,286 | 4,680,892 | 4,482,054 | 3,888,748 |
| — | — | 1,000,000 | 2,500,000 | 628,808 | 1,082,020 | 224,183 |
| <u>\$ 4,364,017</u> | <u>\$ 6,451,048</u> | <u>\$ 5,033,324</u> | <u>\$ 6,104,286</u> | <u>\$ 4,052,084</u> | <u>\$ 3,400,034</u> | <u>\$ 3,664,565</u> |
| \$2.38 | \$3.61 | \$2.77 | \$3.45 | \$2.66 | \$2.21 | \$2.39 |
| 1.50 | 1.50 | 1.50 | 1.38 | 1.25 | 1.25 | 1.25 |

HEINZ LOCATIONS THROUGHOUT THE WORLD

UNITED STATES

PRINCIPAL EXECUTIVE OFFICE: *Pittsburgh, Pa.*

WAREHOUSES AND SALES OFFICES

| | | | |
|-------------------------------|---------------------|-------------------------------|------------------------------|
| Albany, N.Y. | Des Moines, Iowa | Kansas City, Mo. | *Philadelphia, Pa. |
| Atlanta, Ga. | *Detroit, Mich. | Los Angeles, Calif. | *Pittsburgh, Pa. |
| Baltimore, Md. | Duluth, Minn. | Louisville, Ky. | Rock Island, Ill. |
| Birmingham, Ala. | Fort Wayne, Ind. | Memphis, Tenn. | Salt Lake City, Utah |
| *Boston, Mass. (Cambridge) | Grand Rapids, Mich. | Milwaukee, Wis. | San Antonio, Texas |
| Buffalo, N.Y. | Greensboro, N.C. | Newark, N.J. | Seattle, Wash. |
| *Chicago, Ill. | Harrisburg, Pa. | New Orleans, La. | Sioux City, Iowa |
| Cincinnati, Ohio | Hartford, Conn. | *New York, N.Y. (Glendale) | Spokane, Wash. |
| Cleveland, Ohio | Houston, Texas | *Oakland, Calif. | *St. Louis, Mo. |
| Columbus, Ohio | Huntington, W.Va. | Oklahoma City, Okla. | St. Paul, Minn. |
| *Dallas, Texas | Indianapolis, Ind. | Omaha, Neb. | Youngstown, Ohio |
| Denver, Colo. | Jacksonville, Fla. | Peoria, Ill. | |
| | Johnstown, Pa. | | *Regional Sales Headquarters |

SUB-WAREHOUSES

| | | | |
|-------------------|------------------|------------------|------------------|
| Allentown, Pa. | Miami, Fla. | Portland, Ore. | Tampa, Fla. |
| Clarksburg, W.Va. | Nashville, Tenn. | Providence, R.I. | Toledo, Ohio |
| Columbia, S.C. | Norfolk, Va. | Savannah, Ga. | Washington, D.C. |
| Knoxville, Tenn. | Paterson, N.J. | Scranton, Pa. | Wichita, Kans. |
| | Portland, Me. | Syracuse, N.Y. | |

PROCESSING PLANTS

| | | | |
|---------------------|----------------|-----------------|---------------------|
| Berkeley, Calif. | Fremont, Ohio | Muscatine, Iowa | Tracy, Calif. |
| Bowling Green, Ohio | Holland, Mich. | Pittsburgh, Pa. | Watsonville, Calif. |
| Chambersburg, Pa. | Medina, N.Y. | Salem, N.J. | Winchester, Va. |

SALTING HOUSE DISTRICT HEADQUARTERS

| | | | |
|-------------------|----------------|-----------------|----------------|
| Big Rapids, Mich. | Greeley, Colo. | Isleton, Calif. | Portage, Wis. |
| Fremont, Mich. | Holland, Mich. | Plymouth, Ind. | Saginaw, Mich. |

Numerous vegetable and pickle receiving stations operate in the areas surrounding the plants and salting houses.

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

WAREHOUSES AND SALES BRANCHES

| | | | |
|-----------------|------------------|------------------------|-----------------|
| Calgary, Alta. | Leamington, Ont. | Regina, Sask. | Toronto, Ont. |
| Edmonton, Alta. | Montreal, Que. | Sault Ste. Marie, Ont. | Vancouver, B.C. |
| Halifax, N.S. | Ottawa, Ont. | St. John, N.B. | Winnipeg, Man. |
| | Quebec, Que. | | |

SUB-WAREHOUSES

| | | |
|--------------------|-------------------|----------------|
| Fort William, Ont. | Lethbridge, Alta. | Victoria, B.C. |
|--------------------|-------------------|----------------|

PROCESSING PLANTS: Leamington, Ont.; Wallaceburg, Ont.

SALTING STATION: Teeswater, Ont.

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

| | | | | | | |
|------------|---------|-----------|-----------|------------|------------|-------------|
| Belfast | Bristol | Edinburgh | Ipswich | London | Nottingham | Rochester |
| Birmingham | Cardiff | Glasgow | Leeds | Manchester | Plymouth | Sheffield |
| Bradford | Dundee | Hull | Liverpool | Newcastle | Preston | Southampton |

PROCESSING PLANTS: London; Standish

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Melbourne, Victoria*

SALES BRANCHES

| | | | |
|-------------------------|---------------------|----------------------|---------------------------|
| Sydney, New South Wales | Melbourne, Victoria | Brisbane, Queensland | Adelaide, South Australia |
|-------------------------|---------------------|----------------------|---------------------------|

PROCESSING PLANTS: Melbourne, Victoria; Devonport, Tasmania

SPAIN

H. J. HEINZ COMPANY (ESPANA) S. L.

HEAD OFFICE: *Seville*

PROCESSING PLANT: *Seville*

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

HERE ARE THE 57 VARIETIES

1. Heinz Oven-Baked Beans with Pork and Tomato Sauce.
2. Heinz Oven-Baked Beans—Boston Style.
3. Heinz Oven-Baked Beans in Tomato Sauce.
4. Heinz Chili Con Carne.
5. Heinz Condensed Split Pea Soup.
6. Heinz Condensed Cream of Green Pea Soup.
7. Heinz Condensed Cream of Mushroom Soup.
8. Heinz Condensed Cream of Tomato Soup.
9. Heinz Condensed Cream of Celery Soup.
10. Heinz Condensed Beef Noodle Soup.
11. Heinz Condensed Bean Soup.
12. Heinz Condensed Gumbo Creole Soup.
13. Heinz Condensed Chicken Soup with Rice.
14. Heinz Condensed Chicken Noodle Soup.
15. Heinz Condensed Cream of Chicken Soup.
16. Heinz Condensed Clam Chowder.
17. Heinz Condensed Beef Soup with Vegetables.
18. Heinz Condensed Vegetable Soup with Beef Stock.
19. Heinz Condensed Vegetarian Vegetable Soup.
20. Heinz Mince Meat.
21. Heinz Puddings—Fig and Plum.
22. Heinz Spaghetti—Tomato Sauce and Cheese.
23. Heinz Macaroni with Cheese Sauce.
24. Heinz Pure Fruit Jellies.
25. Heinz Stews—Lamb, Beef, Chicken with Dumplings.
26. Heinz Ready-to-Serve Soups.
27. Heinz Sweet Pickles.
28. Heinz Sour Pickles.
29. Heinz Chow Chow Pickle.
30. Heinz Genuine Dill Pickles.
31. Heinz Processed Dill Pickles.
32. Heinz Kosher Dill Pickles.
33. Heinz Fresh Cucumber Pickle.
34. Heinz Sweet Mustard Pickle.
35. Heinz India Relish.
36. Heinz Hot Dog Relish.
37. Heinz Pickled Onions—Sweet and Sour.
38. Heinz Pre-Cooked Cereals for Infants.
39. Heinz Strained Fruits.
40. Heinz Strained Vegetables.
41. Heinz Strained Meat Products.
42. Heinz Strained Desserts.
43. Heinz Junior Fruits.
44. Heinz Junior Vegetables.
45. Heinz Junior Meat Products.
46. Heinz Junior Desserts.
47. Heinz Prepared Mustard.
48. Heinz Tomato Juice.
49. Heinz Tomato Ketchup.
50. Heinz Chili Sauce.
51. Heinz 57 Sauce.
52. Heinz Worcestershire Sauce.
53. Heinz Dehydrated Horse Radish.
54. Heinz Cider Vinegar.
55. Heinz White Vinegar.
56. Heinz Malt Vinegar.
57. Heinz Tarragon Vinegar.

